

## Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 CIAE-00 INR-07 LAB-04 NSAE-00

PA-02 SIL-01 USIA-15 PRS-01 SS-15 NEAE-00 /063 W

----- 018896

P 051408Z AUG 76

FM AMEMBASSY DAMASCUS

TO USDOC WASHDC PRIORITY

SECSTATE WASHDC PRIORITY 8992

UNCLAS DAMASCUS 5172

FOR ASSISTANT SECRETARY OF COMMERCE HOSTLER FROM AMBASSADOR

DEPT PLEASE PASS EB/CSB FOR DEP ASST SECY BILLER AND  
NEA/ARN FOR DRAPER

E.O. 11652: N/A

TAGS: BEXP SY

SUBJ: FY 78 USDOC/CAGNE TRADE PROMOTION SCHEDULE - SYRIA

REF: (A) STATE 136618, (B) DAMASCUS 4756, (C) STATE 191497

1. SUMMARY: I AM DISMAYED THAT DAMASCUS HAS  
APPARENTLY BEEN EXCLUDED FROM FY 78 USDOC/CAGNE TRADE  
PROMOTION SCHEDULE. WE FEEL CAGNE DECISION IS DETRIMENTAL  
TO US COMMERCIAL AND POLITICAL OBJECTIVES IN SYRIA AND  
REQUEST SYRIA BE RESTORED TO SCHEDULE. END SUMMARY.

2. I HAVE READ WITH SURPRISE AND DISMAY USDOC DECISION  
(REF C) TO EXCLUDE SYRIA FROM FY 78 TRADE PROMOTION  
SCHEDULE BECAUSE OF "NON-RECEIPT OF POST RESPONSE" TO  
REF A. WE SENT IN FULL RECOMMENDATIONS (REF B) ON  
JULY 20. WE REGRET LATENESS OF REPORT, CAUSED BY POST'S  
USUAL HEAVY WORKLOAD, EXACERBATED AS YOU KNOW BY ADDITIONAL  
RESPONSIBILITIES ORGANIZING US PAVILION IN DAMASCUS  
INTERNATION FAIR (JULY 25- AUGUST 20), BUT NOTE THAT IT  
SHOULD HAVE BEEN RECEIVED BY USDOC TWO WEEKS BEFORE  
USDOC'S TELEGRAM (REF C, AUGUST 3, 1976) ANNOUNCING  
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FY 78 EVENTS CALENDAR.

3. A USDOC DECISION TO EXCLUDE SYRIA FROM FY 78 TRADE PROMOTION SCHEDULE WOULD BE OUT OF STEP WITH US EFFORTS HERE SINCE THE RESTORATION OF DIPLOMAIC RELATIONS IN JUNE, 1976, AND MOST DAMAGING TO US COMMERCIAL AND POLITICAL OBJECTIVES IN SYRIA. DURING PAST TWO YEARS BOTH POST AND USDOC HAVE WORKED HARD TO FACILITATE IMPROVED COMMERCIAL RELATIONS BETWEEN THE U.S. AND SYRIA, AND THESE EFFORTS HAVE CONTRIBUTED TO RISE IN U.S. EXPORTS TO THIS COUNTRY FROM 40 MILLION DOLLARS IN 1974 TO 127 MILLION DOLLARS IN 1975 (WE EXPECT 1976 U.S. EXPORTS TO SYRIA TO NEARLY DOUBLE THE 1975 FIGURE).

4. USDOC-SPONSORED AND IOGA TRADE MISSIONS TO SYRIA HAVE BEEN AN IMPORTANT FACTOR IN PROMOTING U.S. EXPORTS TO SYRIA AND IN EDUCATING U.S. SELLERS AND SYRIAN CLIENTS TO THE MUTUAL ADVANTAGES OF IMPROVED COMMERCIAL RELATIONS. THE SARG HAS WARMLY RECEIVED SUCH MISSIONS, AS WELL AS INDIVIDUAL VISITING US BUSINESSMEN AND USG OFFICIALS SUCH AS SECRETARIES BUTZ AND SIMON, OMB DIRECTOR LYNN, AND OFFICIALS FROM EXIM BANK AND OPIC. AT THIS MOMENT, THE SARG IS PREPARING TO WELCOME COMMERCE UNDER SECRETARY EDWARD O. VETTER AS USDOC'S REPRESENTATIVE TO THE DAMASCUS INTERNATIONAL FAIR (DUE IN DAMASCUS AUGUST 9-10).

5. EMBASSY HAS WORKED HARD, THOUGH TO DATE UNSUCCESSFULLY, TO PERSUADE EXIM TO RESTORE SYRIA TO COUNTRY LIMITATION SCHEDULE, THUS MAKING SYRIA ELIGIBLE FOR EXIM INSURANCE AND GUARANTEE PROGRAMS. WE NOTE WITH SATISFACTION THAT SYRIA IS READY TO SIGN AN OPIC AGREEMENT, WHICH AWAITS ONLY WASHINGTON APPROVAL. EXIM AND OPIC PRESENCE IN SYRIA WILL DO MUCH TO ENCOURAGE US PRIVATE ENTERPRISE TO ENTER THE SYRIAN MARKET BY EASING SOME THE DISADVANTAGES U.S. BUSINESSMEN SUFFER AGAINST THEIR AGGRESSIVE (AND GOVERNMENT-BACKED) EUROPEAN AND JAPANESE COMPETITION.

6. GIVEN THESE EFFORTS, TOGETHER WITH AN AID PROGRAM  
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THAT HAS AVERAGED 80-90 MILLION DOLLARS SINCE FY 75 AND A PL-480 PROGRAM AVERAGING 18 MILLION A YEAR, AND THE FACT THAT THE SARG HAS CONSTANTLY ENCOURAGED AN INCREASED US COMMERCIAL PRESENCE IN SYRIA, WE WOULD VIEW A USDOC DECISION TO EXCLUDE SYRIA FROM THE FY 78 TRADE PROMOTION SCHEDULE AS INJURIOUS TO OUR OVERALL POLICY EFFORTS. THE SYRIAN GOVERNMENT, WHICH HAS EXPRESSED GREAT SATISFACTION WITH THE LIMITED BUT

SUCCESSFUL TRADE PROMOTION PROGRAMS OF USDOC/CAGNE THIS PAST YEAR, COULD WELL READ THIS DECISION AS A SIGNAL OF DIMINISHING U.S. INTEREST IN THE ECONOMIC DEVELOPMENT OF SYRIA AND IN DEVELOPING BILATERAL TRADE. IN ADDITION, IT SHOULD BE POINTED OUT THAT USDOC TRADE PROMOTION PROGRAMS IN SYRIA, WHERE U.S. BUSINESS ASSOCIATIONS WERE HAMPERED BY SEVEN YEARS BREAK IN DIPLOMATIC RELATIONS, PLAY A RELATIVELY GREATER ROLE AND HAVE RELATIVELY GREATER IMPACT THAN IN ESTABLISHED MARKETS OF LONGER STANDING. FOR THESE REASONS, WE STRONGLY URGE THAT SYRIA BE INCLUDED ON USDOC/CAGNE'S FY 78 PROGRAM.

7. REVIEWING THE EVENTS LISTED ON THE FY 78 SCHEDULE (REF C), WE ARE ESPECIALLY INTERESTED IN SYRIA'S INCLUSION IN THE FOLLOWING: (A) MATERIALS HANDLING EQUIPMENT TRADE MISSION (FEBRUARY 1978, FOR BAHRAIN, IRAN, OMAN, QATAR) AND/OR TECHNICAL TRADE SEMINAR (MAY 1978, FOR ALGERIA, EGYPT, MOROCCO, TUNISIA); (B) PROCESS CONTROLS TRADE MISSION (OCTOBER 1977, FOR KUWAIT, SAUDI ARABIA AND THIRD COUNTRY TO BE NAMED); (C) ELECTRONIC DATA PROCESSING EQUIPMENT TTS (NOVEMBER, 1977, FOR ALGERIA, TUNISIA, AND THIRD COUNTRY TO BE NAMED); AND (D) ELECTRICAL ENERGY SYSTEMS TTS (JANUARY 1978, FOR MOROCCO, OMAN, AND SAUDI ARABIA). GIVEN LONG LEAD TIME ON THESE EVENTS, INCLUSION OF SYRIA IN ALL OR SOME OF THEM SHOULD BE IMPRACTICABLE.

8. I WILL BE RAISING THIS MATTER WITH UNDERSECRETARY VETTER DURING HIS VISIT NEXT WEEK, BUT IN THE MEANTIME WOULD HOPE YOU COULD REVIEW THE PROPOSED FY 1978 CAGNE PROGRAM WITH A VIEW TOWARD INCLUDING SYRIA IN APPROPRIATE EVENTS.

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